

January 24, 2008

Unsubscribe

Update My Profile



U.S. Congressman

**Mark Steven Kirk**

Proudly serving the people of the 10th District of Illinois



**\*\* U.S. Congressman Mark Steven Kirk, Proudly Serving the People of the 10th District of Illinois \*\***

**Website - About Mark - Press Room - Constituent Services - Contact**

## Featured Video...



### Featured Video of the Week

**06/15/09:** Congressman Kirk discusses his efforts to fight the rise of "Kush" in the suburbs, a new type of "super-marijuana" that is as expensive as crack cocaine. [Click here to view the video clip.](#)

## Kirk In the News...

6/16/2009: [Lawmakers offer 'practical' health reform plan](#)

6/16/2009: [Moderates to Present Their Health Care Plan](#)

6/16/2009: [Rep. Kirk wants tougher penalties for super pot](#)

**Please Feel Free to Tell a Friend**

E-mail:

Dear Friends,

This week, concerns about the strength of the economy caused the U.S. stock market to drop almost 500 points in early trading before recovering. This drop and the concerns of a recession are fueled in large part by troubles facing homeowners throughout the country.

Of the more than \$10 trillion in outstanding mortgage loans in the United States, \$1.3 trillion are subprime, and half of those have adjustable rates. During 2008, 1.8 million subprime mortgage borrowers will see their adjustable rate mortgages reset upward, with increases every six months to follow. Approximately 20 percent of those adjustable rate mortgages are now past due.

The National Association of Realtors reported today that the median price for homes sold in 2007 dropped by 1.3 percent – the first time such a decline has occurred in more than 40 years.

While Congress considers an economic stimulus package to help avert a recession, I believe we need to address the critical component of a strong economy – keeping homeowners in their homes.

Yesterday, I proposed a plan that would reestablish one of the most effective policies of the 1930s – the Home Owners' Loan Corporation (HOLC).

This temporary emergency program is meant to be a lifeline to subprime borrowers, preventing a downward spiral into recession. Home Owners' Loan Corporation for the 21st Century (HOLC21) would purchase or guarantee mortgages on primary family residences that are past due or in default, and allow those families to refinance their loans at more responsible rates.

The program would not allow lenders to dump their assets on the government without taking a loss for bad credit decisions. Loans would only be available for up to 90 percent of a home's cost.

HOLC21 can calm the mortgage market, keep Americans in their homes and reassure the economy. If applied with the same skill as its predecessor, it would achieve this objective before closing its doors and returning its capital to the taxpayer with a profit. This solution is a 'win-win:' Banks avoid total bankruptcy and homeowners get to keep their homes.

You can read more about the plan [here](#), or by visiting the American Enterprise Institute's [research](#) on HOLC. You can also read what writers are saying about the proposal below.

It is an honor to serve you in Congress

Sincerely,

E-mail:

E-mail:

Send

Mark Kirk  
Member of Congress

# THE WALL STREET JOURNAL.

## **Plan for a Mortgage Buyer Gains Some Ground** **January 24, 2008** **By Damian Paletta**

WASHINGTON -- Senate Banking Committee Chairman Christopher Dodd floated a plan to establish a government body to buy troubled mortgages from banks and investors and move homeowners into loans insured by the federal government or bought by Fannie Mae and Freddie Mac.

Similar ideas have been discussed this year, but the support could give the effort a lift in the Senate. Still, the Dodd plan is likely a political long shot as many lawmakers oppose government intervention in the housing market.

Sen. Dodd said his proposal would direct as much as \$20 billion toward a new agency that would buy distressed loans at "steep discounts" to help borrowers escape expensive subprime loans. The agency would make 30-year fixed-rate loans, Sen. Dodd said at a news conference. He said the proposal isn't meant to be a bailout for bankers, investors or homeowners.

"I'm trying to give a haircut to everybody," he said.

If loan delinquencies continue to climb and other foreclosure-prevention efforts fail, a larger government role could draw more support. Sen. Dodd said the proposal could be advanced soon, though it likely wouldn't be included in the stimulus measure now under consideration.

A similar plan also was introduced yesterday in the House. Rep. Mark Kirk called for the resurrection of the Home Owners' Loan Corp., created in 1933 to buy troubled mortgages during the Great Depression. The agency was disbanded in 1951. Rep. Kirk said the stimulus bill should include \$25 billion to recapitalize the agency so it could potentially buy as much as \$300 billion in troubled loans.

"This temporary emergency program is meant to be a lifeline to subprime borrowers, preventing a downward spiral into recession," Rep. Kirk said. "Its doors will not be opened to allow lenders to dump their assets on the government without taking a loss for bad credit decisions."

Rep. Kirk said a board of directors at the agency could include officials from the Treasury Department; Federal Deposit Insurance Corp.; Department of Housing and Urban Development and its Office of Federal Housing Enterprise Oversight; as well as the Government Accountability Office, Congress's oversight arm.

Alex Pollock, a resident fellow at the American Enterprise Institute who supports Rep. Kirk's plan, said establishing a temporary government agency to buy troubled loans could help stabilize the housing market. "There needs to be a correction, but what you don't need is a big downside overshoot which creates much more financial and social damage than there needs to be," he said.

Sen. Dodd acknowledged that the issue is complicated and said any plan likely would need support from Senate Republicans to advance. He also said determining which loans should be targeted could be difficult. "How you define a 'distressed mortgage' is not an easy question," he said.

This article was edited to comply with Franking Commission Guidelines

# Chicago Tribune

## Illinois lawmakers offer own proposals for economic stimulus

January 24, 2008

By Jim Tankersley

Stimulus fever swept the Illinois congressional delegation on Wednesday, as Democrats and Republicans took turns offering prescriptions for the ailing national economy.

As congressional leaders negotiated with the Bush administration to craft a bipartisan plan to stimulate the economy, four Illinois House members announced proposals they hoped would end up in whatever consensus bill passes Congress.

Each of the Illinois lawmakers' plans sought to jump-start a different economic engine. Republican Rep. Mark Kirk called for the revival of a Depression-era government effort to help homeowners avoid foreclosure. Democratic Rep. Melissa Bean proposed extending small-business tax breaks.

Rep. Don Manzullo and Rep. Dan Lipinski jointly introduced a bill to accelerate a tax break for domestic manufacturers.

Rep. Rahm Emanuel, a member of the House leadership team, said some of the proposals could grab negotiators' attention. He also said "everybody's in agreement" on the basic principles of a plan. "Middle-class families," he said, "need help."

Kirk's plan would temporarily resurrect the Home Owners' Loan Corp., created in the 1930s to acquire and refinance mortgages for Americans facing foreclosure in the Depression.

The corporation issued bonds and used the proceeds to buy troubled loans from banks at a discount. It then rewrote the terms of the loans to make payments more manageable. Banks lost money but didn't lose everything. More than a million homeowners kept their houses.

Bean's proposal would double the amount of business expenses small-business owners can write off their taxes. She would also allow small businesses to apply current-year losses to tax returns over the last five years, up from two years under current law. Amending the returns would result in tax refunds. Bean said businesses could use the extra cash to add workers and equipment.

Lipinski and Manzullo's bill, costing an estimated \$16 billion, would speed up an already planned tax incentive for domestic manufacturing. It would immediately bump the tax deduction from 6 to 9 percent, instead of in 2010. Manzullo called the plan a "three-fer" because it cuts costs, creates jobs and encourages the move of manufacturing jobs to America from overseas.

This article was edited to comply with Franking Commission Guidelines

### CONTACT INFORMATION:

Website: <http://www.house.gov/kirk/>

#### Washington, DC Office:

1030 Longworth HOB  
Washington, D.C. 20515  
Phone: 202-225-4835  
Fax: 202-225-0837

#### Northbrook Office:

707 Skokie Blvd, Suite 350  
Northbrook, IL 60062  
Phone: 847-940-0202  
Fax: 847-940-7143

[Update My Profile](#) - [Unsubscribe](#) - [Privacy Policy](#)